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EXAMINER

CHENCINSKI, SIEGFRIED E

ART UNIT

PAPER NUMBER

3691

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 09/991,497	Applicant(s) ALLEN-ROUMAN ET AL.	
	Examiner SIEGFRIED E. CHENCINSKI	Art Unit 3691	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 19 December 2007.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-10, 12-18 and 20-22 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-10, 12-18 and 20-22 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>2/29/08</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Office Action Highlights

1. Key Components

- The Rejections under 35 USC 112-2nd paragraph are retained.
- Applicant Admitted Prior Art is documented.
- The Rejections under 35 USC 103(a) are retained.
- A Response To Arguments Section has been added.
- The rejections are final.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 1, 12 and 20 remain rejected because these claims recite the limitation "temporary stored value fund" in the third limitation element. There is insufficient antecedent basis for this limitation in the claim. The original disclosure does not contain temporary stored value funds", not even the expression "stored value funds". Applicant's response received December 19, 2007 merely refers the examiner to the following: "Applicants wish to draw the Examiner's attention to paragraphs [78], [88], and [95] for description of stored value accounts/funds. Applicants believe that there is proper antecedent basis for this limitation and respectfully request the Examiner to withdraw this rejection" (p. 8, ll. 10-13). Unfortunately, the disclosure contains no temporary accounts of any kind. Paragraphs 78, 88 and 95 in the specification only mention the expression "stored value accounts", and then only in passing as part of listings of accounts between which funds could be transferred. However, there is no mention of nor does it contain stored value funds. Finally, funds and accounts are not synonymous with each other, as illustrated by the following dictionary definitions: A "fund" is 1 a) a sum of money whose principal or interest is set apart for a specific objective; 1 b)

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money on deposit on which checks or drafts can be drawn (Merriam-Webster's Collegiate Dictionary, Tenth Ed., 1998). An "account" is a "relationship under a particular name, usually evidenced by a deposit against which withdrawals can be made". (Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1998).

Applicant Admitted Prior Art

3. The last Office Action, mailed September 20, 2007, included Official Notice which Applicant has not properly traversed according to MPEP 2144.03 C.

A. Therefore, the following information have now become Applicant Admitted Prior Art (hereafter AAPA):

- a) the sending and receiving of credits and debits electronically between accounts;
- b) that the first party on whose behalf the bill payer/third party is transferring funds to the second party rarely if ever receives confirmation information before the bill pay service transmits the funds to the biller and the funds clear, which clear the same day or within a few days in the case of checks.

B. The requirements for a proper traversal to Official Notice are contained in MPEP 2144.03 C, as follows:

C. If Applicant Challenges a Factual Assertion as Not Properly Officially Noticed or Not Properly Based Upon Common Knowledge, the Examiner Must Support the Finding With Adequate Evidence

To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention."). A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate. If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR

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1.104(d)(2).

If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate.

In the instant case, Applicant has not traversed the Examiner's actual statement of what the Official Notice statement claimed was well known. Further, Applicant has not provided the required support for the traversal as required by the courts cited above.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-10,12-18 and 20-22 are rejected under 35 U.S.C. 103(a) as being unpatentable over Rosen (US Patent 5,557,518) in view of Kolling et al. (US Patent 5,920,847, hereafter Kolling) and Applicant Admitted Prior Art (hereafter AAPA).

Re. Claim 1, Rosen discloses a method for transferring funds in an online transaction between a first party and a second party, the method comprising steps of:

- determining a first account associated with the first party (Fig. 2, Col. 5, ll. 38-43);
- determining a second account associated with the second party, wherein at least one of the first account and the second account is a bank account (Fig. 35B);
initiating a first transfer between the first account and a third account (Col. 3, l. 66 – Col. 4, l. 3);
- receiving notification that the first transfer has cleared (This is implicit in Rosen).

Rosen does not explicitly disclose

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- providing a third account, the third account not associated with either the first party or the second party, wherein the third account is a temporary stored value fund, the third account receiving credits from the first account and debits from the second account;
- initiating a second transfer between the third account and the second account, wherein the second-listed initiating step occurs before the receiving step;
- receiving notification, from the third account, that the first transfer has cleared; and
- initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs before receiving notification that the first transfer has cleared.

However, Kolling discloses initiating a second transfer between the third account and the second account, wherein the second-listed initiating step occurs before the receiving step (Col. 2, ll. 26-29). Further, Kolling discloses a number of ways in which bill pay service payments were functioning at the time of Kolling's disclosure (Col. 2, ll. 7- Col. 3, l. 4). These include electronic remittances to the biller party and check methods sent through the US Mail. The reason that the ordinary practitioner of the art would have seen it as obvious that the second-listed initiating step occurs before the receiving step in Kolling is because such a practitioner would have known how the various ways of funds transactions work when bill pay services are involved. AAPA discloses: a) the sending and receiving of credits and debits electronically between accounts; b) that the first party on whose behalf the bill payer/third party is transferring funds to the second party rarely if ever receives confirmation information before the bill pay service transmits the funds to the biller and the funds clear, which clear the same day or within a few days in the case of checks. The first party (payer) usually receives such confirmations in a monthly statement from his bank and from his bill pay service. Thus, normally, funds transferred from the third party to the second party biller typically are transferred to the second party prior to the first party payer receiving a funds clearance message, since those messages are typically contained in the bill pay service's monthly statement to the

first party payer. In fact, often payees don't even receive an explicit funds clearance notification, since such clearance is an implicit event in a monthly statement. Further, the ordinary practitioner also would have known that in the case of electronic transfers, such as from the payer to the transfer server, and from the transfer server to the payee, the payer would almost always only have received notice of funds clearance after the second transfer has cleared, even when the payer receives a funds clearance message; and c) that it would have been an obvious option for the third party to transmit clearance information about the first party's funds transfer to the third party a service accommodation to positively verify that the first party's transfer was completed in the funds transfer system, thus implicitly giving assurance to the first party payer that the third party's payment to the second party would be or already had been made according to the business understanding between the first and third party.

Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Kolling, Col. 1, ll. 17-20).

Re. Claim 2, Rosen does not explicitly disclose wherein the first-listed and second-listed initiating steps occur as part of the same session with the automated clearinghouse (ACH) network. However, Kolling discloses the clearance of payment transfers through the ACH network (Col. 9, ll. 23-38, 54, 64, 66). It is obvious that the first-listed and second-listed initiating steps can occur as part of the same session with the automated clearinghouse (ACH) network. Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 3, Rosen does not explicitly disclose wherein at least one of the first initiating step and the second initiating step comprise a step of sending transfer information to the ACH network. However, Kolling discloses the clearance of payment transfers through the ACH network (Col. 9, ll. 23-38, 54, 64, 66). It is obvious that at least one of the first initiating step and the second initiating step can comprise a step of sending transfer information to the ACH network. Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 4, it is obvious in Rosen's disclosure that both the first account and the second account can be bank accounts (Fig. 35A, Fig. 41; Fig. 44; Col. 33, ll. 61-64; col. 40, ll. 53-67; Col. 42, ll. 39-44). Further, Kolling discloses that both the first account and the second account are bank accounts (Col. 9, ll. 23-37). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 5, neither Rosen or AAPA explicitly disclose storing information on a plurality of accounts associated with the first party; and receiving selection of the first account from the plurality of accounts. However, Kolling discloses storing information on a plurality of accounts associated with the first party; and receiving selection of the first account from the plurality of accounts (Cl. 11, ll. 14-33). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second

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party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 6, Rosen does not explicitly disclose the steps of determining types of accounts acceptable to the second party as funds sources; culling the plurality of accounts to present only account types acceptable to the second party; and presenting the culled plurality of accounts to the first party. However, Kolling discloses the steps of determining types of accounts acceptable to the second party as funds sources (Col. 22, ll. 30-33); culling the plurality of accounts to present only account types acceptable to the second party and presenting the culled plurality of accounts to the first party (Col. 22, ll. 35-62. Culling is implicit). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 7, Rosen does not explicitly disclose wherein a first amount of the first transfer is larger than a second amount of the second transfer. However, Kolling discloses that the first transfer is larger than a second amount of the second transfer through the deduction of a fee from the first transfer prior to the making of the second transfer (Col. 11, ll. 56-59). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 8, Rosen discloses wherein first account information for the first account is not accessible to the second party (Col. 1, l. 67).

Re. Claim 9, Rosen does not explicitly disclose deducting a service fee from a first amount of the first transfer to determine a second amount of the second transfer. However, Kolling discloses deducting a service fee from a first amount of the first transfer to determine a second amount of the second transfer (Col. 11, ll. 56-59). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 10, Rosen does not explicitly disclose wherein the second-listed initiating step is automatically performed. However, Kolling discloses transferring funds between a first party and a second party wherein the second-listed initiating step is automatically performed (Col. 11, ll. 14-33).

Re. Claim 12, Rosen discloses a method for transferring funds in an online transaction between a first party and a second party, the method comprising steps of:

- determining a first account associated with the first party (Fig. 2, Col. 5, ll. 38-43);
- determining a second account associated with the second party (Fig. 35B);
- initiating a first transfer from the first account to the third account, wherein the third account is not associated with either the first party or the second party (Col. 3, l. 66 – Col. 4, l. 3);
- receiving notification that the first transfer has cleared (This is implicit in Rosen).

Rosen does not explicitly disclose

- sending transfer information to the automated clearinghouse (ACH) network
- providing a third account, the third account not associated with either the first party or the second party, wherein the third account is a temporary stored value fund, the third account receiving credits from the first account and debits from the second account;

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- initiating a second transfer between the third account and the second account, wherein the second-listed initiating step occurs before the receiving step;
- receiving notification, from the third account, that the first transfer has cleared; and
- initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs before receiving notification that the first transfer has cleared.

Please see the rejection of claim 1 for the disclosures of Kolling and AAPA. Further, Kolling discloses a step of sending transfer information to the automated clearinghouse (ACH) network (Col. 2, ll. 26-29). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of a plurality of funds transfers in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Kolling, Col. 1, ll. 17-20).

Re. Claim 13, Rosen discloses a method for transferring funds in the online transaction between the first party and the second party wherein at least one of the first account and the second account is a bank account (Fig. 35A, Fig. 41; Fig. 44; Col. 33, ll. 61-64; col. 40, ll. 53-67; Col. 42, ll. 39-44).

Re. Claim 14, it is obvious in Rosen's disclosure that both the first account and the second account can be bank accounts (Fig. 35A, Fig. 41; Fig. 44; Col. 33, ll. 61-64; col. 40, ll. 53-67; Col. 42, ll. 39-44). Further, Kolling discloses that both the first account and the second account are bank accounts (Col. 9, ll. 23-37). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to

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merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 15, Rosen discloses a method, wherein the first-listed and second-listed initiating steps occur substantially simultaneously (Col. 23, ll. 62-64).

Re. Claim 16, Rosen discloses a method for storing information on a plurality of accounts associated with the first party; and receiving selection of the first account from the plurality of accounts. Further, Kolling discloses storing information on a plurality of accounts associated with the first party; and receiving selection of the first account from the plurality of accounts (Cl. 11, ll. 14-33). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 17, neither Rosen nor AAPA explicitly disclose the steps of determining types of accounts acceptable to the second party as funds sources; culling the plurality of accounts to present only account types acceptable to the second party; and presenting the culled plurality of accounts to the first party. However, Kolling discloses the steps of determining types of accounts acceptable to the second party as funds sources (Col. 22, ll. 30-33); culling the plurality of accounts to present only account types acceptable to the second party and presenting the culled plurality of accounts to the first party (Col. 22, ll. 35-62. Culling is implicit). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 18, neither Rosen nor AAPA explicitly disclose wherein a first amount of the first transfer is larger than a second amount of the second transfer. However, Kolling discloses that the first transfer is larger than a second amount of the second transfer through the deduction of a fee from the first transfer prior to the making of the second transfer (Col. 11, ll. 56-59). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Re. Claim 20, Rosen discloses a method for transferring funds in an online transaction between a first party and a second party as described in the rejections of claims 1-19 above, including

- storing information on a plurality of accounts associated with the first party (implicit);
- receiving selection of a first account from the plurality of accounts; determining a second account associated with the second party (Fig. 35B);
- receiving notification that the first transfer has cleared (This is implicit in Rosen).
- initiating a first transfer from the first account to the third account (Col. 3, l. 66 – Col. 4, l. 3);
- determining a second account associated with the second party (implicit);

Rosen does not explicitly disclose:

- wherein initiating the first transfer comprises sending transfer information to the automated clearinghouse (ACH) network;
- providing a third account, the third account not associated with either the first party or the second party, wherein the third account is a temporary stored value fund, the third account receiving credits from the first account and debits from the second account;

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- receiving notification, from the third account, that the first transfer has cleared; and
- initiating a second transfer from the third account to the second account, wherein initiating the second transfer occurs before receiving notification that the first transfer has cleared, wherein initiating the first transfer comprises sending transfer information to the automated clearinghouse (ACH) network;
- wherein, a first amount of the first transfer is larger than a second amount of the second transfer; and
- wherein, the information on the plurality of accounts is not accessible to the second party.

Please see the rejections of claims 1 & 12 for the disclosures of Kolling and AAPA.

Further, it would have been obvious to the ordinary practitioner that a first amount of the first transfer would be larger than a second amount of the second transfer in such cases as when a transfer fee charged by the third party transfer service is included in the first party's transfer amount. It would also have been obvious to the practitioner that the plurality of accounts is not accessible to the second party since the third party must maintain account information confidential from payee parties. Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of making a plurality of funds transfers in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Kolling, Col. 1, ll. 17-20).

Re. Claim 21, Rosen discloses a method of determining types of accounts acceptable to the second party as funds sources;

culling the plurality of accounts to present only account types acceptable by the second party; and

presenting the culled plurality of accounts to the first party.

Re. Claim 22, neither Rosen nor AAPA explicitly disclose a method wherein authorization by the first party triggers automatic performance of the two initiating steps and the second-listed receiving step. However, Kolling discloses a method wherein authorization by the first party triggers automatic performance of the two initiating steps and the second-listed receiving step (Col. 11, ll. 5-33. The automatically triggered steps are implicit). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Rosen with those of Kolling and AAPA for the purpose of presenting a method of transferring funds in an online transaction between a first party and a second party, motivated by a desire to offer a system to pay amounts owed to merchants, service providers and other billers who bill consumers or businesses for amounts owed (Col. 1, ll. 17-20).

Response to Arguments

5. Applicant's arguments received on December 19, 2007 have been fully considered but they are not persuasive.

.

ARGUMENT:

'Applicants believe *a prima facie* case of obviousness has not been properly set forth in the final Office Action or, in the alternative, the current amendments render the present rejections moot. The basic test for obviousness is excerpted below:

"To establish *a prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings.

Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations.

The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in

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the applicant's disclosure." MPEP_ §2143, Original Eighth Edition, August, 2001, Latest Revision May 2004.

Applicants believe the rejection has flaws with all three prongs of the above test for establishing a *prima facie* case of obviousness as outlined below. ' (p. 8, l. 19 – p. 9, l. 9).

Applicant then proceeds to elaborate on why the three prongs of the above cited argument is valid, regarding the third prong ("Teachings Missing in the Cited References") on p. 9, l. 10 – p. 12, l. 16, the first prong ("Motivation to Combine") on p. 12, l. 17 - p. 13, l. 11. Applicant includes an argument that Kolling teaches away from the combination of elements used by the examiner (p. 13, ll. 2-7). It appears that no explicit or direct arguments are made regarding the second prong.

THIRD PRONG Argument:

"With regard to the third prong of the test, Applicants believe Rosen and Kolling do not, either alone or in combination, teach or suggest the invention in the claims. More specifically, (1) Neither Rosen nor Kolling provides a third account, where the third account is not associated with either the first party or the second party, is a temporary stored value fund, and receives credits from the first account and debits from the second account; (2) Rosen does not imply that there is notification of a first transfer clearing by a process that can initiate the second transfer; and (2) Kolling does not teach or suggest doing a second transfer before determining that the first one clears. For least these reasons, Applicants respectfully request for reconsideration of the rejection to the claims." (p. 9, ll. 10-19).

FIRST PRONG Argument

Motivation to Combine

(a) Motive to Combine: Specific Mix-and-Match Motives Lacking

"Applicants believe motivation for the specific combination of elements in the cited references is lacking. The Office cites a motivation to make payments as the reason to pick and choose elements from two references. Both references achieve this goal in different ways. Accordingly, it is not clear how that motive would cause one of ordinary skill in the art to start substituting one system, or portions thereof, for another system. Both references achieve this goal on their own, so mixing-and-matching makes no sense. A motivation to make the specific substitutions set forth in the Office Action is respectfully requested." (p. 12, ll. 17-25).

(b) Motive to Combine: Kolling Teaches Away from Combination

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Applicants believe motivation for the specific combination of elements in the cited references fails because Kolling indicates that the cited examples are not suitable for electronic invoice payments. Kolling, column 10, lines 63-67. The claims state that this invention is "for transferring funds in an online transaction". One of ordinary skill in the art would be unlikely to combine a teaching from Kolling that cannot "accommodate electronic invoice presentments" as would be required in any "online transaction." (p. 13, ll. 1-7).

RESPONSE:

OVERVIEW:

First, Applicant states that "no claims have been amended, cancelled or added".

Further, no amendments are evident in the listing of claims submitted with Applicant's response. Therefore, applicant's "in the alternative" statement quoted above is moot.

Second, since the examiner believes that a proper *prima facie* case of obviousness has been made, the rejections made in the Office Action dated September 20, 2007 remain standing and are repeated above for Applicant's convenience. The reasons why the examiner believes that a proper *prima facie* case of obviousness has been made are explained below.

(1) Re. Applicable Law

a) BPAI, *Ex parte* CATAN, Appeal 2007-0820, Decided: July 3, 2007

PRINCIPLES OF LAW

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734, 82 USPQ2d 1385, 1391 (2007).

The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 148 USPQ 459, 467 (1966). *See also* *KSR*, 127 S.Ct. at 1734, 82 USPQ2d at 1391 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations, such as commercial success, long felt

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but unsolved needs, failure of others, etc., “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” 383 U.S. at 18, 148 USPQ at 467.

In *KSR*, the Supreme Court emphasized “the need for caution in granting a patent based on the combination of elements found in the prior art,” *id.* at 1739, 82 USPQ2d at 1395, and discussed circumstances in which
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a patent might be determined to be obvious without an explicit application of the teaching, suggestion, motivation test.

In particular, the Supreme Court emphasized that “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 127 S.Ct. at 1739, 82 USPQ2d at 1395 (citing *Graham v. John Deere Co.*, 383 U.S. 1, 12, 148 USPQ 459, 464 (1966) (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *Id.* The Court explained:

When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.

Id. at 1740, 82 USPQ2d at 1396. The operative question in this “functional approach” is thus “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *Id.*

The Supreme Court made clear that “[f]ollowing these principles may be more difficult in other cases than it is here because the claimed subject matter may involve more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement.” *Id.* The Court explained, “[o]ften, it will be necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the

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art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue.” *Id.* at 1740-41, 82 USPQ2d at 1396. The Court noted that “[t]o facilitate review, this analysis should be made explicit. *Id.* (citing *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)) (“[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness”). However, “the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ.” *Id.* at 1741, 82 USPQ2d at 1396.

b) Applicant’s Burden of Proof

MPEP 2145 Consideration of Applicant's Rebuttal Arguments [R-3]

I. ARGUMENT DOES NOT REPLACE EVIDENCE WHERE EVIDENCE IS NECESSARY

Attorney argument is not evidence unless it is an admission, in which case, an examiner may use the admission in making a rejection. See MPEP § 2129 <2100_2129.htm> and § 2144.03 <2100_2144_03.htm> for a discussion of admissions as prior art.

The arguments of counsel cannot take the place of evidence in the record. *In re Schulze*, 346 F.2d 600, 602, 145 USPQ 716, 718 (CCPA 1965); *In re Geisler*, 116 F.3d 1465, 43 USPQ2d 1362 (Fed. Cir. 1997) (“An assertion of what seems to follow from common experience is just attorney argument and not the kind of factual evidence that is required to rebut a *prima facie* case of obviousness.”). See MPEP § 716.01(c) <0700_716_01_c.htm> for examples of attorney statements which are not evidence and which must be supported by an appropriate affidavit or declaration.

(2) In the instant case:

Applicant’s version of currently applicable law and MPEP practice are erroneous as follows:

(a) Applicant’s statement of the currently applicable MPEP dated August, 2001 is in error because the currently operative revision of the MPEP is dated September, 2007. It incorporates numerous changes in the law, including the above US Supreme Court’s KSR opinion and various other changes in law and regulation.

(b) The KSR decision emphasizes the importance of the application of common sense and also emphasizes the validity of the principles laid out in *In re Kahn*, which are included above and repeated for Applicant's convenience as follows: "[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness". However, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ."

(c) *In re Kahn* contradicts Applicant's argument quoted above that "The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in the applicant's disclosure." *In re Kahn* states that "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim" and permits and obligates as necessary the examiner to present "some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness", and to "take account of the inferences and creative steps that a person of ordinary skill in the art would employ".

(d) The KSR and *In re Kahn* guidelines make moot Applicant assertions that certain required teachings are missing in the references in the examiner's *prima facie* case of obviousness.

(e) Regarding Applicant's "teaching away" argument, business methods and the software which is used to implement such methods are not vulnerable to such blockages to combinations, as is often the case in the technical arts where a combination will not work scientifically, such as a combination of two incompatible plastic resins which have been shown to not be combinable. Further, Applicant has not complied in this argument with the rebuttal requirements stated above because

Applicant merely makes the assertion without presenting evidence and related convincing rationale regarding the validity of this teaching away argument.

(f) With the rejection of independent claim 1 as exemplary, the examiner supported his *prima facie* case of obviousness rejection of the claimed limitations with teachings from the primary reference, the analogous patent art of Rosen, the additional analogous art of Kolling, the now Applicant Admitted Prior Art which was originally cited through Official Notice as well known at the time of Applicant's invention, and the examiner's articulated reasoning with some rational underpinning to support the legal conclusion of obviousness supported by taking into account the inferences and creative steps that a person of ordinary skill in the art would employ.

(g) Regarding Teachings Missing from the cited References:

THIRD PRONG Argument:

ARGUMENT: “(1) Neither Rosen nor Kolling provides a third account, where the third account is not associated with the either the first party or the second party, is a temporary stored value fund, and receives credits from the first account and debits from the second account;”

RESPONSE: Column 2, ll. 7-29 does indeed contain a third account which serves as a temporary stored value fund, including the electronic version, where Kolling describes bill payment the service bureaus which accept transfers of funds from a bill payer, store the funds in the service bureau's temporary account, and then transfer the funds to the payee. It would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention that the payer's account is the first account, the payee's account is the second account, and the service bureau's temporary account is the third account.

ARGUMENT: “(2) Rosen does not imply that there is notification of a first transfer clearing by a process that can initiate the second transfer; and”

RESPONSE:

Applicant's claimed limitation does not put a time constraint on the first transfer's clearing. Rosen's method does implicitly include periodic, such as monthly, statements which would include notification of transfers made since the last statement date. In fact,

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was also common practice by financial institutions to send out mailed and/or electronic notifications of transfer clearings to customers the day of the day after such clearings. These practices would have been known to the ordinary practitioner.

ARGUMENT: “(2) Kolling does not teach or suggest doing a second transfer before determining that the first one clears.”

RESPONSE:

Kolling discloses at least two ways of making transfers which do not involve "doing a second transfer before determining that the first one clears". One involves the consumer payer to electronically transfer the funds to the bill pay service, and the second is where the consumer payer sends a check and a payment coupon to the bill pay service. The ordinary practitioner would have known that checks were usually presumed to be good unless and until they were rejected for insufficient funds (Kolling Col. 2, ll. 14-16).

FIRST PRONG Argument

Motivation to Combine

(a) Motive to Combine: Specific Mix-and-Match Motives Lacking

“Applicants believe motivation for the specific combination of elements in the cited references is lacking. The Office cites a motivation to make payments as the reason to pick and choose elements from two references. Both references achieve this goal in different ways. Accordingly, it is not clear how that motive would cause one of ordinary skill in the art to start substituting one system, or portions thereof, for another system. Both references achieve this goal on their own, so mixing-and-matching makes no sense. A motivation to make the specific substitutions set forth in the Office Action is respectfully requested.” (p. 12. ll. 17-25).

(b) Motive to Combine: Kolling Teaches Away from Combination

Applicants believe motivation for the specific combination of elements in the cited references fails because Kolling indicates that the cited examples are not suitable for electronic invoice payments. Kolling, column 10, lines 63-67. The claims state that this invention is "for transferring funds in an online transaction". One of ordinary skill in the art would be unlikely to combine a teaching from Kolling that cannot "accommodate electronic invoice presentments" as would be required in any "online transaction." (p. 13, ll. 1-7).

RESPONSE:

(a) “There is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures taken as a whole would suggest to one of ordinary skill in the art. *In re McLaughlin* 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971)”.

In this instance, the examiner has provided proper motivations to combine in the above rejections.

(b) Common sense, as proclaimed legitimate in the above cited KSR decision, tells us that the ordinary practitioner of the art at the time of applicant’s invention would only have incorporated specific items from Kolling’s disclosure as needed to solve his problem, not the whole disclosure. This is unlike technical processes where there is not technical choice as mandated by laws of nature in such areas of natural science.

SUMMARY:

The examiner believes that he has presented a prima facie case of obviousness in the above rejections according to the guidelines presented by the above referenced KSR decision.

Conclusion

6. THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

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Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Alexander Kalinowski, can be reached on (571) 272-6771.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

Commissioner of Patents and Trademarks, Washington D.C. 20231

or (571)273-8300 [Official communications; including After Final communications labeled "Box AF"]

(571) 273-6792 [Informal/Draft communications, labeled "PROPOSED" or "DRAFT"]

Hand delivered responses should be brought to the address found on the above USPTO web site in Alexandria, VA.

SEC

May 9, 2008

/Narayanswamy Subramanian/
Primary Examiner
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